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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 17 September 1977 CG NIDC 77/217C

NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Saturday, 17 September 1977.

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The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: Foreign Minister Dayan

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[] Israeli Foreign Minister Dayan, who meets Monday with President Carter, is poles apart from Prime Minister Begin in temperament. Dayan is a pragmatist and a flexible, resourceful negotiator, while Begin, after more than a generation in opposition, remains an ideologue. Thus far, however, the two men--both strong-willed and independent--have worked well together.

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[] Begin, a neophyte in foreign affairs, seems genuinely to admire Dayan and value his unique knowledge of the US, the Arabs, and the peace negotiating process--a knowledge that is unmatched by any other member of the cabinet. Dayan is Begin's "idea man" and is in charge of the tactics the new Israeli Government has used in dealing with US-Israeli relations and Middle East peace talks.

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[] Dayan is by reputation a political maverick, a loner, and an opportunist. The latter charge was leveled at him when he bolted the Labor Party after the May election to join the Likud government. The hero of the June 1967 war, he once aspired to the prime ministership. There has been speculation that Begin may have chosen Dayan in part with the idea of grooming him as a successor should the Prime Minister's health fail again.

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[] Dayan, however, has little political following left. He was all but politically dead when Begin resurrected him--a casualty of public resentment over his and former Prime Minister Golda Meir's perceived failure to prepare for the Arab surprise attack in October 1973. In addition to his obvious skills and the prestige his international reputation lends the Likud government, Begin probably picked Dayan precisely because he does not present a political threat.

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[] One of the reasons Dayan accepted Begin's offer was because he believed he could contribute a much-needed measure of flexibility. The first indications of whether Begin will give his foreign minister the latitude he wants in peace negotiations should come during Dayan's talks with President Carter and other senior US officials in Washington and New York.

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[] Not long before the May election, Dayan indicated privately to US Embassy officials that he would be willing to give up the Sinai and Golan Heights in return for peace. He had

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previously said publicly that he would also be willing to talk to the Palestine Liberation Organization. These views are obviously not shared by Begin, but the two men do agree on one important point: Israel must retain control of the West Bank.

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[] More innovative than Begin, Dayan has frequently proposed in the past some sort of functional autonomy for the West Bank Arab population that would allow the Israelis to continue to settle in the area and maintain security. Begin has neither endorsed nor publicly disowned this notion. The Israeli press has reported that Dayan will present such a plan in Washington in order to meet US insistence that Israel agree to negotiate with the Arabs over all three fronts.

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[] Dayan will also be ready to discuss the draft peace treaty Israel has submitted to the US and will doubtless put up a spirited defense of the Begin government's settlement policy. He is likely not only to make a legal case for the government's actions in the occupied territories, but also to argue that Begin has demonstrated restraint in the face of demands by his more militant followers, especially the Gush Emunim, to step up the settlement process.

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USSR-CHINA-US: Arms Sales

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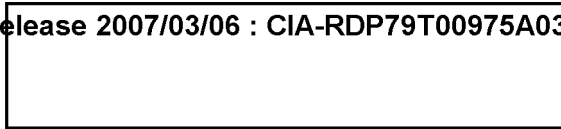
[] *The USSR continues to be concerned that the US intends to offer military technology to China. The current issue of the Soviet weekly Literaturnaya Gazeta charges that China is trying to import modern weaponry, and Tass said on Wednesday that Senator Jackson favors such sales in order to "worsen" Sino-Soviet relations. China, while avoiding any show of great interest, has not ruled out the possibility of eventually purchasing military technology from the US.*

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[] // For the past several months, Soviet commentary has been carefully prepared to discourage what the USSR views as US consideration of arms sales to China. A Soviet official with the USA Institute affirmed this summer that the authoritative *Pravda* attack on China in May was designed in part for this purpose. He stressed that Moscow was primarily concerned with the political implications of such aid. The Soviets would interpret US arms aid to China as an indication that the West was moving toward a tacit alliance with China against the USSR. //

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[REDACTED] The Soviets have also been lobbying strongly in other ways. Soviet trade officials in Peking have expressed concern over the possibility of the US arming China, and last month a Soviet academician made the same point to a US Embassy official in Moscow.

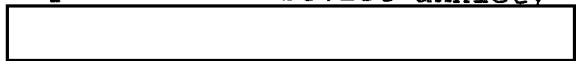
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[REDACTED] The most recent Soviet warning is in the form of a two-part series *Literaturnaya Gazeta*. The first part appeared last week and carried several assertions regarding a Chinese desire for "global thermonuclear war" in order to build Peking-style Communism. This week's article warns that Chinese militarism poses a long-term threat to the US.

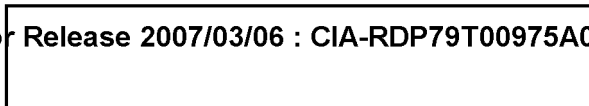
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[REDACTED] Although Soviet concerns on the subject have been appearing for the past four months, the recent statements are clearly in response to Secretary Vance's trip to Peking last month. The current debate in Washington on future dealings between the US and China has apparently increased Soviet anxiety over the possibility of arms aid.

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KENYA: Kenyatta's Health

//The health of Kenya's aged President Jomo Kenyatta has taken another turn for the worse. Kenyatta's condition is likely to intensify maneuvering among those hoping to gain power after his death.//

//The constitution provides that, in the event of the president's death or incapacitation, the vice president will assume the role of acting president for a 90-day period, during which time an election is to be held. Vice President Moi, a member of a small minority tribe, has a number of powerful opponents, particularly in Kenyatta's dominant Kikuyu tribe. Efforts to challenge Moi, which have included a campaign to change the constitutional provisions for succession, have been unsuccessful so far.//

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[redacted] //Under current conditions, Moi probably would be able to assume the role of acting president. His adversaries, however, would almost certainly continue their concerted efforts to deny him the job on a permanent basis. We have little evidence that Moi's opponents are inclined at this time to make extra-constitutional moves, but the stakes are high and Moi's foes, who are no strangers to political violence, realize they have few legal ways to press their challenge. Kenyatta's latest illness is almost certain to generate a new sense of urgency among the contenders for power.//

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[redacted] //The situation has been complicated by the absence of firm national leadership in recent months because of Kenyatta's limited ability to function regularly on a day-to-day basis. Kenyatta, for example, has apparently given little attention to rescheduling elections for vacant positions in the hierarchy of the country's only party; these elections were postponed indefinitely last April because of the President's health. The elections, part of a party revitalization effort, would have provided a mechanism for selecting a successor to Kenyatta.

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USSR - North Korea: Defense Zone

25X1 [] North Korea's declaration of a 50-mile coastal security zone on 1 August has further strained the already cool relations between the USSR and North Korea. The deputy chief of the Soviet Foreign Ministry's Treaty and Legal Department has told US Embassy officers that the Soviets will take a "firm" stand against the North Koreans at the Law of the Sea Conference next year.

25X1 [] The Soviet official said that the Soviets would first make a formal, private statement to the North Korean Government, and stressed that "the Soviet Union will not be mild" in stating its opposition to the North Korean declaration. He expressed Soviet concern that the North Korean declaration could cause serious problems for nations with large navies, including the USSR and the US, particularly if other smaller countries begin to announce their own military sea boundaries.

25X1 [] The Soviets have been inquiring in Washington about US reaction to the announcement. Two days after the North Koreans announced their security zone, a Soviet Embassy officer called on the Department of State to discuss US reaction. He said that the US and USSR have many common interests in matters concerning law of the sea, especially regarding the right of free navigation in international waters.

25X1 [] The Soviets probably prefer using the Law of the Sea Conference as a forum for mounting multilateral opposition to the substance of the North Korean declaration, rather than joining the US and other countries in publicly opposing Pyongyang's initiative at this time. The Soviet press thus far has all but ignored the North Korean declaration. It carried only one item, from a Japanese news agency report that quoted a Japanese official who characterized the declaration as being contrary to international law.

25X1 [] //The Soviets admit that the Koreans pay little attention to their advice and that Moscow has little to say to Pyongyang. They acknowledged that North Korea did not consult them before issuing the proclamation of the security zone.//

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[redacted] The Soviet - North Korean relationship has cooled over the past several years. Differences concerning Soviet military assistance, economic matters, and some foreign policy issues have all contributed to the general downturn in bilateral relations. [redacted]

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CANADA: Cabinet Shuffle

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[redacted] //The Canadian cabinet changes announced yesterday by Prime Minister Trudeau help pave the way for a spring election. Former Minister of Industry Jean Chretien becomes the first French Canadian to fill the key position of finance

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minister, while another French Canadian--former Health Minister Marc Lalonde--fills the newly established post of minister for federal-provincial relations.//

25X1 [] //A recent convert to Trudeau's Liberal Party, Jack Horner, will replace Chretien as Minister of Industry. Horner, from Alberta, was formerly a staunch Conservative.//

25X1 [] //The appointments indicate that Trudeau expects to campaign hard on the unity issue, leaving the government for the most part in the hands of the capable Allan MacEachen, the government's floor leader in the House of Commons, who was named Deputy Prime Minister. The Cabinet changes, particularly in the Finance Ministry, also open the way for the introduction of selective stimulative economic measures at the fall session of Commons, which convenes next month.//

25X1 [] //The government is under pressure from Liberal and opposition party leaders alike to make an effort to curb Canada's chronically high unemployment, now running at 8.2 percent. Chretien, who has a reputation for intelligence and aggressiveness from his days as minister of industry and before that as head of the treasury board, should be an able defender of any new economic initiatives Trudeau takes.//

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Poland

[] The official Polish news agency announced last night that Stefan Cardinal Wyszynski, head of the Roman Catholic Church in Poland, had undergone surgery earlier in the day after being hospitalized with a "disorder of the digestive system."

[] The announcement was the first disclosure of Wyszynski's condition by the government-controlled Polish media. It gave no details on the treatment involved but did say that it dealt with the same problem for which he had been hospitalized earlier this year. In February, Wyszynski underwent stones.

[] He entered the hospital on 8 September, and Church sources this week said he had become ill with jaundice last month. On the basis of available evidence, however, we cannot rule out a cancer. []

West Germany - Poland

[] The stalemate in the West German Government's efforts to secure the release of kidnaped industrialist Hanns-Martin Schleyer has led Chancellor Schmidt to postpone his visit to Poland, originally scheduled for 19-23 September. The visit is to be rescheduled "soon," presumably once the kidnapping has been resolved.

[] Earlier this week, British Prime Minister Callaghan postponed a visit to Bonn for the same reason. Schleyer's kidnapping has dominated public affairs in West Germany since 5 September, and Schmidt, personally directing the government's "crisis staff," has had little time to devote to other issues.

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